



COLORADO FISCAL
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Referendum C continues to cushion vital public services from the worst effects of recessions

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The Colorado Fiscal Policy Institute is a project of the Colorado Center on Law and Policy, a nonprofit, nonpartisan research and advocacy organization seeking justice and economic security for all Coloradans.

By approving Referendum C in 2005, Coloradans voted to ensure the state's economy was allowed to recover from the 2001 recession and to help protect the state from the economic consequences of future recessions.

Colorado voters in 2005 approved Referendum C, a measure that allowed the state government to preserve key investments in public services including transportation, health care, education, and colleges and universities. 2010 marks the last year one provision of Referendum C will remain in effect, in which voters permitted the state to retain revenue collected in excess of caps identified in the state Constitution.

Other parts of Referendum C remain in effect, most importantly the provision that eliminates the “ratchet effect” of previous years, which prevented public services from returning to adequate levels following a recession.

By approving Referendum C in 2005, Coloradans voted to ensure the state's economy was allowed to recover from the 2001 recession and to help protect the state from the economic consequences of future recessions. Referendum C has worked well, and it continues to do its job. It resulted in significant investments in vital services including transportation, education, health care and higher education that have benefitted everyone in the state. Its provisions will continue to protect Coloradans and the economy from the ratchet effect, which kept essential public investments at levels that reflect the bottom of the recession.

The expiring part of Referendum C that suspended tax rebates has been out of the picture for a few years. Because of the recession, the state has not had money to invest that it otherwise would have been rebated since 2008. The good news is the components of Referendum C that protect against continuing the effects of the recession don't expire.

The real issue for voters is asking the question of what kind of Colorado we want for the future. Colorado policy advocates and government officials spend a lot of time talking about how bad it could have been – and there's no doubt without Referendum C the latest recession would have been worse. But the state's residents don't spend nearly enough time thinking about the potential, the things Colorado could accomplish if it had a modern tax system, generating revenues that are adequate, equitable and sustainable throughout economic cycles.